



J. J. AUTOMOTIVE LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. INTRODUCTION

This Policy shall be called 'Policy for Determining Material Subsidiaries' of J. J. Automotive Limited.

This Policy has been framed as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

II. OBJECTIVE

This Policy provides the criteria for determining the Material Subsidiaries of J. J. Automotive Limited and to provide the governance framework for such subsidiaries.

III. APPLICABILITY

The Policy shall be applicable on all 'material subsidiaries' of the Company.

IV. DEFINITION OF SUBSIDIARY COMPANY: As per Section 2(87) of the Companies Act, 2013, a 'subsidiary company' or 'subsidiary', in relation to any other company (that is to say the holding company), means a company in which the holding company –

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies;

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.-For the purposes of this clause, -

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors.;
- (c) the expression "company" includes any body corporate;
- (d) "layer" in relation to a holding company means its subsidiary or subsidiaries.

V. SIGNIFICANT TRANSACTION OR ARRANGEMENT

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

VI. CRITERIA FOR DETERMINING MATERIALITY OF SUBSIDIARIES

A subsidiary of J. J. Automotive Limited shall be considered ‘material’ if the income or net worth of the concerned subsidiary exceeds twenty per cent of the consolidated income or net worth respectively, of J. J. Automotive Limited and its subsidiaries, if any, in the immediately preceding accounting year.

VII. GOVERNANCE FRAMEWORK

At least one independent director on the board of directors of J. J. Automotive Limited shall be a director on the board of directors of the unlisted subsidiary, incorporated in India.

The audit committee of J. J. Automotive Limited shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

The minutes of the meeting of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of J. J. Automotive Limited.

The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of J. J. Automotive Limited, a statement of all significant transactions or arrangements entered into by such subsidiary.

VIII. RESTRICTION ON DISPOSAL OF SHARES OF ‘MATERIAL SUBSIDIARY’

J. J. Automotive Limited shall **NOT** dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases when such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal.

IX. RESTRICTION ON TRANSFER OF ASSETS OF A ‘MATERIAL SUBSIDIARY’

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

X. DISCLOSURES

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the section on the Corporate Governance in the Annual Report of the Company.

XI. REVIEW OF THE POLICY

The Policy may be amended by the Board from time to time as may be deemed necessary by the Board and in accordance with any regulatory amendments.